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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 10-80

WASHINGTON, July 23--The Foreign Agricultural Service of the U.S. Department of Agriculture today issued the following report of recent developments in world agriculture and trade:

GRAIN AND FEED

The SOVIET UNION and ARGENTINA have signed a grain supply agreement for the sale of 22.5 million tons of Argentine grain over the next five years, including 1980. Annual shipments are to consist of 4 million tons of corn and sorghum and 500,000 tons of soybeans. The agreement also provides for periodic consultations between the Argentine Grain Board and the Soviet grains buying agency, Export Khleb, on possible sales in excess of this amount.

During 1979, Argentina shipped about 1.6 million tons of corn to the USSR, down slightly from around 1.8 million tons in 1978. Since the USSR traditionally has preferred corn over sorghum, Argentina has not exported a significant quantity of sorghum to the Soviets in the past. This year, however, sorghum exports (January-May) are already in excess of 340,000 tons and corn exports are about 1.5 million tons.

The overall outlook for the 1980 SOVIET grain crop remains favorable. Fair weather is now prevailing in most areas of the Ukraine and North Caucasus, while rain and cool temperatures are occurring in Belorussia and central regions of the European USSR. Dry weather should facilitate harvesting of winter barley and wheat which has already begun in southern regions of the European USSR. In the north, the continuation of cool, rainy weather could further delay the development of grain crops. In the eastern Volga Valley and southwestern Urals, conditions are still too dry for good crop development. In the New Lands, soil moisture is generally adequate with only a few areas of serious deficiencies.

Current reports from the USSR indicate that both winter and spring grains are in good condition in most areas of the country. However, the harvest of winter grains could be delayed by one to two weeks in some regions as a result of slow crop development. Early reports on the harvest in south European USSR have mentioned winter grain yields as average to above average.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

Prospects for the EAST EUROPEAN grain crop have dimmed somewhat in recent weeks, although a record-large harvest is still possible. Flooding has damaged crops in localized areas of Czechoslovakia and the German Democratic Republic, and on more than a million hectares of farmland in Poland. The excessively cold, wet weather pattern has broken in the southern countries of Bulgaria, Hungary, Romania and Yugoslavia and conditions have improved for the ongoing harvest.

Wheat production is likely to equal or slightly exceed the record 1978 crop of 35.8 million tons. Output of other small grains also is expected to be good. The outlook for corn, which averages about one-third of total East European grain production, is far less certain. Planted area for corn has fallen short of plan goals and the unusually cold weather hurt corn stands and delayed development by two to three weeks, making it more susceptible to late-summer drought or early frost. However, favorable weather from now until harvest could still bring about a good crop of around 30 million tons.

East European imports of both wheat and coarse grain can be expected to decline slightly from the record 1979/80 level. Even with a record grain crop, import demand should continue strong because of the current or expanding level of livestock herds and grain stock rebuilding.

BRAZIL plans to import 500,000 tons of U.S. corn in order to meet current domestic needs, especially in the northeastern region. The Brazilians have already bought 450,000 tons and there are indications that additional purchases may exceed the 500,000-ton level.

Traditionally a corn exporter, Brazil suffered from poor crops in both 1978 and 1979. The crop now being harvested is estimated at 19.7 million tons, up by 21 percent from the weather-reduced outturn in 1979. However, growing demand from the poultry and livestock sectors, coupled with drought-related losses in the Northeast, indicate that Brazil may for the third straight year realize an exportable surplus. Before 1978, Brazil exported annually an average of 1 million tons of corn.

HORTICULTURAL AND TROPICAL PRODUCTS

FRENCH potato and tomato growers are receiving some government assistance as a result of heavy imports of these vegetables. The government has declared an import embargo on tomatoes as a means of offering some temporary relief to growers. A fund of 10 million francs (roughly US\$2.45 million) is being established for potato growers for withdrawing early potatoes from the market and destroying them in the field.

In ITALY unusually cool, wet weather this spring has adversely affected the marketing of several major deciduous fruit crops. Poor quality, coupled with a delay of up to three weeks in maturation of most early summer fruits, particularly cherries and strawberries, has resulted in high prices and lower consumption. Current production estimates and percentage declines from the 1979 level in parentheses are as follows: cherries, 150,000 tons (-16 percent); plums, 150,000 tons (-7 percent); apricots, 90,000 tons (-10 percent), and peaches, 1.28 million tons (-9 percent).

OILSEEDS AND PRODUCTS

SOVIET data on production, trade, and estimated consumption of vegetable, animal and marine oils, indicate several important developments in recent years-- indigenous fats and oils production in 1978/79 and 1979/80 dipped significantly below the average of the previous five years; exports of vegetable oils have been cut back sharply in recent years; and fats and oils consumption has continued to trend upward despite the shortfall in domestic availability. As a result, the Soviets have had to greatly expand imports so that the USSR is now a net importer of oils and fats. The sharp gain in fats and oils import requirements has apparently outrun the Soviet crushing capacity, forcing an increasing proportion of of their import requirement to be in the form of oil.

In 1978/79, more than one-eighth of Soviet fats and oils consumption was imported. This is in sharp contrast with five years earlier when oil exports equaled more than 10 percent of domestic oil consumption. Based on the latest available data, aggregate Soviet production, trade, and estimated consumption of vegetable, animal marine oils since 1973/74 are as follows:

	Produc- tion 1/	Imports 2/	Exports 2/	Estimated avail- ability	Estimated consump- tion 3/	Popu- lation	Estimated per capita consumption
	In millions of tons					In millions	Kgs/person
1973/74	6.09	.11	.68	5.52	5.22	252.1	20.7
1974/75	5.85	.27	.58	5.54	5.38	254.4	21.1
1975/76	5.14	.57	.41	5.30	5.54	256.7	21.6
1976/77	5.37	.55	.36	5.56	5.69	259.0	22.0
1977/78	5.64	.46	.27	5.83	5.85	261.3	22.4
1978/79	5.36	.97	.21	6.12	6.01	263.6	22.8
1979/80 4/	5.40	.97	.20	6.17	6.17	265.9	23.2

1/ Oil production calculated from assumed extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings.

2/ Includes the oil equivalent of oilseeds. Based on calendar year statistics of reporting trade partners in the latter years of the split year shown. 3/ Linear trend of estimated availability using 1969/70 - 1978/79 period. 4/ Forecast.

The sharp rise in Soviet vegetable oil imports in 1978/79 largely reflected the reduced oilseed harvest of 1978. Fats and oils imports are expected to continue large in 1979/80, reflecting that the 1979 oilseed harvests continued below trend.

In 1980/81, if Soviet fats and oils output and consumption are on trend at 5.5 million tons and 6.3 million tons, respectively, with no change in vegetable oil exports, aggregate fats and oils imports of roughly 1 million tons would be needed to avoid a stock drawdown.

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WEST GERMANY's mixed feed production during the three months ending March 31, 1980, totaled a record large 4.29 million tons--5.5 percent above the same three months a year earlier. However, soybean meal consumption for January-March 1980 totaled only 1.07 million tons--3 percent below January-March 1979. According to the U.S. agricultural counselor in Bonn, the reduction reflects increased use of rapeseed, sunflower and peanut meals, as well as corn gluten feed and meal.

Quarterly West German mixed feed production and soybean meal consumption are as follows, with comparisons, in millions of tons:

	<u>Total mixed feed production</u>	<u>Estimated soybean meal consumption</u>	<u>Tapioca pellet consumption</u>	<u>Percentage of mixed feed production</u>	
				<u>Soy meal consumption</u>	<u>Tapioca pellet consumption</u>
<u>1977/78</u>					
Oct-Dec	3.54	.87	.19	24.6	5.4
Jan-Mar	3.58	1.06	.28	29.6	7.8
Apr-Jun	3.51	.88	.40	25.1	11.4
Jul-Sep	3.58	.84	.39	23.5	10.9
<u>1978/79</u>					
Oct-Dec	3.76	1.00	.44	26.6	11.7
Jan-Mar	4.10	1.10	.48	26.8	11.7
Apr-Jun	4.11	.91	.45	22.1	10.9
Jul-Sep	3.57	.76	.27	21.3	7.6
<u>1979/80</u>					
Oct-Dec	3.87	.97	.29	25.1	7.5
Jan-Mar	4.29	1.07	.38	24.9	8.9

Use of tapioca pellets recovered significantly during January-March 1980, but still remains substantially below the high level of a year ago.

For the six months of October-March 1979/80, West Germany's mixed feed production rose to 8.16 million tons--up 4 percent from the 7.86 million tons produced during the same period a year earlier. Cumulative mixed feed production for October-March 1979/80 was as follows in millions of tons:

<u>Feed</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>Percentage change</u>
Poultry	1.55	1.54	1.58	+3
Swine	2.57	2.78	2.80	+1
Other	<u>3.00</u>	<u>3.54</u>	<u>3.78</u>	+7
Total	7.12	7.86	8.16	+4

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FISH MEAL production for major producer-exporter countries during January-April 1980 declined 24 percent, or 180,700 tons, from the same four months of 1979, according to information compiled by the Fish Meal Exporters Organization. During the same period, fish meal exports declined 18 percent or 80,900 tons. The large increase in the unexported residual in March and April over the first two months of the year has resulted in a significant rebuilding of stocks. However, combined fish meal stocks on April 30, 1980, were substantially less than a year ago. The decline in fish meal exports, no doubt, has benefited exports of other oilseeds and meals, particularly soybeans and meal.

The cumulative data for 1980 by country and by month, with 1979 comparisons, are as follows in 1,000 tons:

Country	January-April 1979			January-April 1980		
	Prod.	Exports	Residual	Prod.	Exports	Residual
Chile	107.7	83.3	24.4	146.8	115.7	31.1
Peru 1/	318.8	191.3	127.5	151.8	67.2	84.6
Iceland	106.4	83.1	23.3	82.3	80.4	1.9
Norway	125.1	81.9	43.2	120.7	91.4	29.3
South Africa	93.4	4.2	89.2	69.1	8.2	60.9
Total	751.4	443.8	307.6	570.7	362.9	207.8
Monthly totals						
January	81.8	87.9	-6.1	79.6	75.5	4.1
February	153.5	120.3	33.2	155.4	122.4	33.0
March	248.0	102.3	145.7	175.6	89.4	86.2
April	268.1	133.3	134.8	160.1	75.6	84.5

1/ Includes data for private sector.

In the NETHERLANDS, two soy processing plants located in Maassluis are closing, according to the agricultural counselor in The Hague. The ADM De Ploeg BV soybean processing plant, with a daily crushing capacity of 400 to 500 tons, has been closed since February as a result of fire damage. Plant reconstruction is not planned because of the excessive cost of rebuilding the damaged part in compliance with the Public Nuisance Laws. At present, relocation of the plant at a different site is not anticipated. In addition, ADM's Netherland BV sister plant, which produces textured vegetable protein (TVP), reportedly is closing because of limited market demand for the TVP product.

INTERNATIONAL WEATHER AND CROP SUMMARY, JULY 14-20

EUROPE--The areas of greatest rainfall shifted somewhat to the north and west, but extensive portions of the northeastern countries also received above normal amounts this week. Highest totals of 60 to 70 mm from northern France

into West Germany were three to four times the normal amount. Most crops in these northern countries have suffered yield and quality losses from the persistent cool, wet weather. Winter grains may be in the greatest danger now, with harvesting scheduled to begin shortly. Drier and warmer weather in the southeastern countries improved conditions for both row crops and harvesting of winter grains, although southern Romanian crop areas remained too wet.

USSR--Winter grain harvest conditions generally improved and rainfall slackened in the Ukraine. However, temperatures remained below normal and conditions were not ideal for grain harvest and row crop development--both of which are much behind schedule. Less-favorable conditions persisted across northern European USSR, as cold, rainy weather further delayed crop development. Both quality and yields could suffer as a result.

In the New Lands, relatively dry weather persisted across the south, but much of the region received normal rainfall or better, maintaining good moisture supplies. Sharply cooler temperatures at mid-week had no discernible impact.

CHINA--Highest rainfall occurred along the Yangtze River, where amounts in excess of 200 mm far exceeded normal, but probably caused only local water-control problems. Drier weather over much of the southern coastal provinces speeded harvesting of early rice, but wet weather persisted in Guangxi. Near-normal rainfall in Manchuria maintained good soil moisture, but spotty amounts across Inner Mongolia probably came too late for the maturing spring wheat.

SOUTHERN ASIA--Relatively dry weather advanced into India from the west, but above-normal rainfall continued over the northeastern half and over Bangladesh. Widespread flooding has occurred in these areas, but in general, conditions are regarded as favorable for fall-harvested crops. Western areas have quite adequate water supplies from earlier rains, but persistent dry conditions in southwestern portions of Andhra Pradesh and Tamil Nadu continue to hamper cotton growth.

SOUTHEAST ASIA--In the agricultural area north of Bangkok, the monsoon continued to produce seasonal amounts of moisture of between 25 and 50 mm. Adequate moisture supplies are available for maize, which has advanced into the late vegetative stage and rice, which is early in its growth cycle. Reservoirs have benefited from the precipitation.

SOUTH AMERICA--Virtually no rain fell in most of the winter wheat areas of Brazil and Argentina. Showers produced 25 to 50 mm in the extreme southern portion of Rio Grande do Sul State in Brazil, and, less than 10 mm in the south coastal area of Buenos Aires Province in Argentina. Moisture supplies are adequate for winter crops in these areas. In Brazil, frost has not been a serious problem for the wheat crop, or the coffee trees in northern Parana State. However, the possibility of frost occurring in these areas exists through the month of August.

AUSTRALIA--Soil moisture conditions remained favorable in West Australia as storms produced between 10 to 50 mm of rain throughout the wheat growing area. Lighter amounts fell in South Australia, Victoria and New South Wales. Soil moisture is generally in adequate supply in these three states. Conditions were less favorable in Queensland, a relatively small wheat-producing state, where lack of significant rainfall is depleting soil moisture reserves.

CANADA--Widespread showers fell throughout the Canadian Prairies producing significant weekly rainfall totals. Improved moisture conditions in Saskatchewan and Manitoba will be especially beneficial to late-seeded crops which have advanced into the moisture-sensitive reproductive stage. Soil moisture is still rated fair to poor in some areas and additional moisture is required for adequate growth. In Alberta, favorable weather conditions have promoted good crop growth.

MEXICO--Heavy showers in the mountain region of northern Mexico produced up to 100 mm of rain. This moisture improved crop growing conditions, as well as reservoir supplies which had been depleted to very low levels. Further south, shower activity provided timely moisture for maize, which is advancing into the critical reproductive period of development. Northeast Mexico remained hot and dry.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 22, 1980		Change from previous week	A year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWRS-12.5%..	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	211.50	5.76	-25	199.00
U.S. No. 2 DHW/HW:13.5%....	203.00	5.52	-20	204.00
U.S. No. 2 S.R.W.....	191.00	5.20	-3	193.00
U.S. No. 3 H.A.D.....	318.00	8.65	-20	225.00
Canadian No. 1 A: Durum....	1/	1/	1/	1/
Feedgrains:				
U.S. No. 3 Yellow Corn.....	156.00	3.96	-5	153.00
U.S. No. 2 Sorghum 2/.....	166.75	4.24	-3	154.00
Feed Barley 3/.....	1/	1/	1/	155.00
Thailand Tapioca.....	180.60	--	-0.40 5/	--
Soybeans:				
U.S. No. 2 Yellow.....	308.00	8.38	-46	332.50
Argentine 4/.....	298.00	8.11	-68	318.50
U.S. 44% Soybean Meal (M.T.)	247.00	--	-13.50 5/	252.00
EC Import Levies				
Soft Wheat.....	124.20	3.38	-25	107.45
Barley.....	109.95	2.39	-6	98.45
Corn	129.15	3.28	-8	107.30
Sorghum.....	112.35	2.85	-11	102.85

1/ Not available. 2/ Optional delivery: U.S. or Argentine Granifero Sorghum. 3/ Optional delivery: U.S. or Canadian Feed Barley 4/ Optional delivery: Brazil Yellow 5/ Dollars per metric ton. NOTE: Basis August delivery.

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